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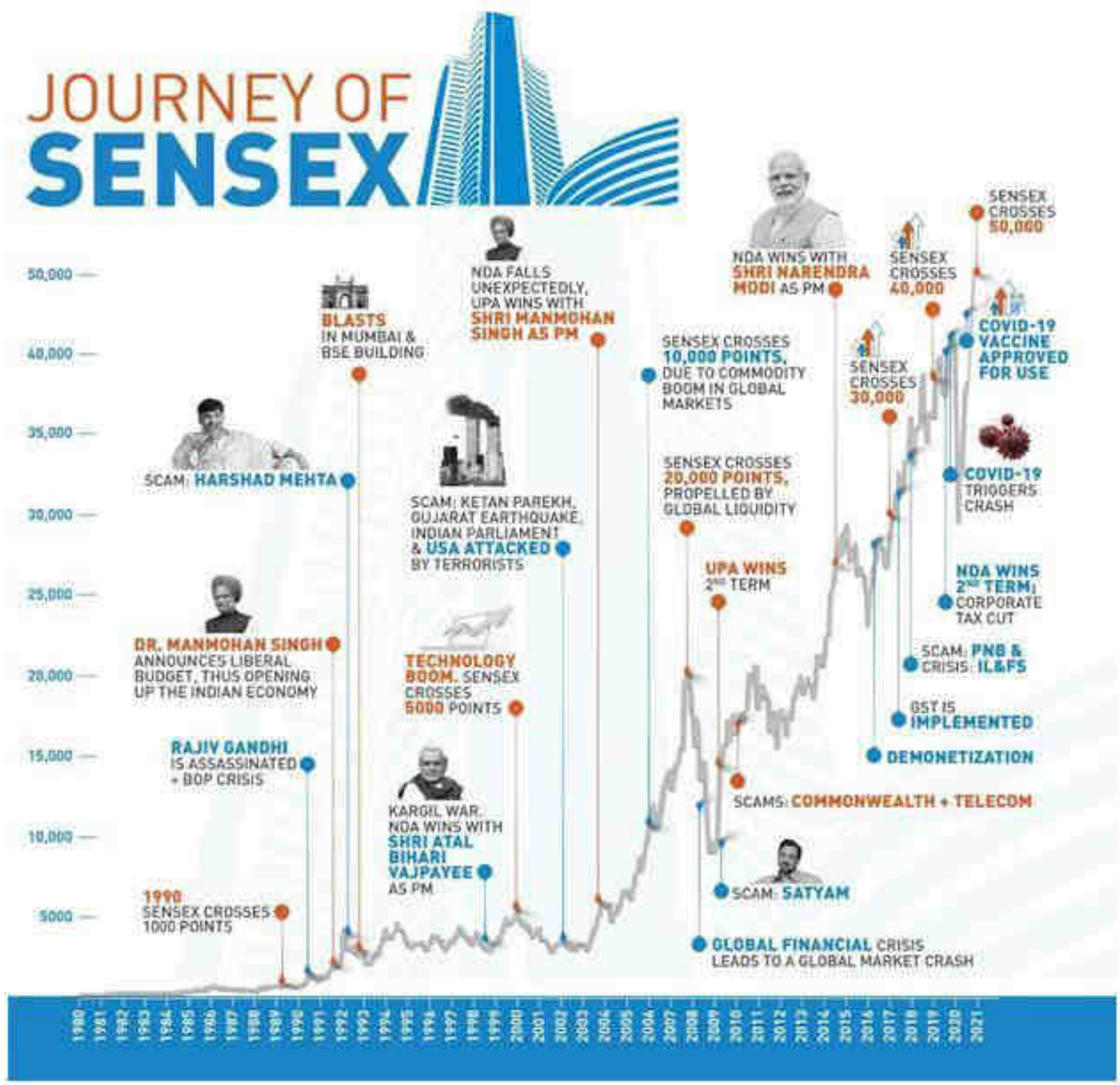
Monthly Newsletter **June 02, 2021**

Buoyancy continues at Dalal Street led by significant decline of COVID-19 cases in second wave, strong Q4FY21 results posted by Companies; stock specific action to continue in smallcaps and midcaps..

The month gone by witnessed significant surge in COVID-19 cases in the second wave in the initial 15 days of the month but later declined significantly which brought some relief to the nation. In the second wave, COVID-19 cases had peaked above 4,00,000 cases a day which is presently below 1,50,000 cases led by strict lockdowns in various states and containment measures. With falling cases, street participants are hopeful of gradual relaxation in various states which will propell economic activity which was also evident after the first wave.

Indian investors cherished the decline in COVID-19 cases and as a result the BSE's market capitalization (m-cap) touched the US$3 trillion-mark as against US$1.5 trillion in March 2020 when COVID-19 was declared as Pandemic by WHO.



Source: BSE

Wealth created by Companies at different peaks of Market capitalization and economic cycle..

US$ 1 trillion		US$ 2 trillion		US$ 3 trillion	
May-07		**Jul-17**		**May-21**	
M-cap (US$ trn)		M-cap (US$ trn)		M-cap (US$ trn)	
RIL	**59**	**RIL**	**75**	**RIL**	**174**
ONGC	48	**TCS**	**72**	**TCS**	**156**
Bharti Airtel	39	HDFC Bank	67	HDFC Bank	113
NTPC	33	ITC	63	**Infosys**	**79**
TCS	**30**	HDFC	40	HUL	76
Infosys	**28**	**SBI**	**38**	HDFC	62
Rcomm	26	HUL	37	ICICI Bank	61
ICICI Bank	20	Maruti	35	**SBI**	**49**
Wipro	19	**Infosys**	**34**	Kotak Bank	48
SBI	**17**	ONGC	32	Bajaj Finance	47

Source: Business Standard

Way forward..

1) Sentiments are good in market led by declining COVID-19 cases with recoveries surpassing new cases, positive GDP figure, talks of US$6 trillion stimulus package by Biden administration and strong Q4FY21 result by majority of the Companies so far with good management commentary for the future. In addition, investors are hopeful, that vaccine shortages will be resolved in some months as vaccine manufacturers ramp up supplies. The entry of new vaccines is also expected to ease the supply crunch.

2) In addition, Indian companies continue to report strong Q4FY21 result with good management commentary for the future despite second wave of COVID-19. No doubt, the second wave of COVID-19 has forced the nation to be on war footing to save the lives of COVID-19 patients; however, there is silver lining as well. There is some sigh of relief as the country is witnessed significant decline in COVID-19 cases across major states with good fall witnessed in the state of Maharashtra especially in the city of Mumbai which were hotspots at the start of COVID-19 second wave. However, there are concerns on slow start to vaccination drive for adults in the age group of 18-45 years owing to shortage in certain states. India has given the first dose of covid antidote to 21.85 crores beneficiaries in the nationwide vaccination till date. According to a government official, two billion doses of Covid-19 vaccines will be made available in the country between August and December, enough to vaccinate the entire population.

3) Moody's said it expects the damage to the economy from the second wave of Covid-19 and the ensuing lockdowns to be restricted to the April-June 2021 quarter. Taking the slowdown into account, it now expects India's GDP in the fiscal year ending March 2022 to grow at 9.3 per cent and at 7.9 per cent in FY23. According to global rating agency Fitch Solutions, the impact of the second Covid-19 wave on rated Indian firms is expected to be manageable, as most companies' credit profiles are supported by their strong market positions, adequate balance sheets, liquidity and diversified operations.

4) GST collections in May 2021 could get affected due to ockdowns of varying degrees in about two-thirds of the country. This could result in sluggish manufacturing output, with numerous automobile, automotive parts, and electronics companies temporarily shutting down. Daily e-way bill creation has also decreased, indicating a slowdown in economic activity. However, the government

anticipates a rebound by July or September 2021, when the second wave fades. The monthly GST collections touched an all-time high for April 2021, recording at Rs.1.41 lakh crore.

5) Going ahead, investors will keep a watch on COVID-19 cases number on daily basis amidst significant spike and vaccination drive, Q4FY21 earnings season, movement of US bond yields and FPI liquidity. No doubt the country is facing the second wave of COVID-19 crisis on war footing; there are still positives that the Country has to offer. Key domestic factors like record GST collections in April 2021, positive GDP data, good proposals presented in Union Budget 2021-22 will always keep bulls in the hunt for long term. Improved US GDP data, good stimulus package in US and reduced unemployment rate in US will also support bulls. The Nifty valuations are trading in the range of 35x-40x. Q4FY21 results season has been good so far led by SBI, Asian Paints, Reliance Industries, L&T, Hindustan Unilever, Bajaj Finserv, Bajaj Finance, Shriram Transport Finance, SAIL, Tata Steel, Tata Elxsi, Tata Coffee, UPL, Siemens, Bosch, Borosil Renewables, Orient Electric, Godrej Consumer Products, HDFC Life, SBI Cards, Castrol, Marico, Torrent Pharma, Birla Corp, Container Corporation of India, DCB Bank, Bank of Maharashtra, Dr. Lal Path Labs, Lux Industries, Indoco Remedies, Angel Broking, TCI, TCI Express, Shakti Pumps etc. No doubt Q4FY21 results have been strong and encouraging but the second wave of COVID-19 would impact Q1FY22 results to some extent.

6) Going ahead, investors will keep an eye RBI's Monetary policy especially on GDP estimate, announcements by various states with regards to Unlock and relaxations on COVID-19 restrictions which will propel economic activity. We recommend investors to look out for stock specific opportunities. Investors will continue to track ongoing Q4FY21 earnings season and management commentary on future scenario.

Key recent developments

Positive GDP data..

India's gross domestic product (GDP) grew at 1.6 per cent in the January-March quarter of fiscal year 2020-21, but witnessed a contraction of 7.3 per cent for the entire fiscal year, showed government data on Monday. This is the first full-year contraction in the Indian economy in the last four decades since 1979-80, when GDP had shrunk by 5.2 per cent. However, this is also the second straight quarter of expansion amidst COVID-19 crisis. India’s GDP figures showed the growth at 3 per cent in Q4 of FY20, while growth for FY20 came at 4 per cent, an 11-year low. According to the National Statistical Office data, gross value added (GVA) growth in the manufacturing sector accelerated to 6.9 per cent in the fourth quarter of 2020-21 compared to a contraction 4.2 per cent a year ago.

Fiscal deficit above expectations

The Centre’s fiscal deficit for the financial year 2020-21 settled at 9.2 per cent of the gross domestic product, marginally below the government’s revised target of 9.5 per cent. This was on the back of better-than-expected revenue receipts with expenditure staying broadly at the level targeted in the revised estimates of the Budget. In absolute terms, India’s fiscal deficit was Rs. 18.21 trillion, about Rs. 27,194 crore lower than the projected Rs. 18.48 trillion, as per the provisional estimates released by Controller General of Accounts. The fiscal deficit of 9.2 per cent has been estimated based on provisional estimates for FY21 GDP of Rs 197.46 trillion. The Centre had revised its fiscal deficit target in the Budget from 3.5 per cent to 9.5 per cent due to increased expenditure on various schemes announced by the government to tide over the Covid-19 pandemic, and a sharp shortfall in revenue receipts (both tax and non-tax).

PMI data affected to some extent

Data released by IHS Markit showed that domestic factory orders and production slowed to a 10-month low in May 2021 as most states restricted businesses amid localised lockdowns. The Manufacturing PMI slipped to 50.8 in May against 55.5 in April, making it one of the steepest fall.

Rising crude oil prices improving investor sentiments

OPEC+ oil producers agreed on Tuesday to stick to the existing pace of gradually easing supply curbs through July, as they sought to balance expectations of a recovery in demand against a possible increase in Iranian supply. The Organization of the Petroleum Exporting Countries and allies - known collectively as OPEC+ - decided in April to return 2.1 million barrels per day (bpd) of supply to the market during May through July as it anticipated demand would rise despite high numbers of coronavirus cases in India. Since that decision, oil prices have extended their rally and have now gained more than 30% this year, although the prospect of more crude from Iran, as talks on reviving its nuclear deal make progress, has limited the upside. Speaking after an OPEC+ conference - being held online most months after the pandemic prevented the usual face-to-face meetings in Vienna - Saudi Energy Minister Prince Abdulaziz bin Salman said he saw a good recovery in demand in the United States and China. "The vaccine rollout has gathered pace with around 1.8 billion vaccines administered around the world ... This can only lead to further rebalancing of the global oil market," he told an online news conference. Brent Crude futures were up by over 2 per cent on Tuesday, nearing $71 per barrel-mark.

WPI rose for the fourth consecutive month..

India's wholesale inflation accelerated to 10.49 per cent in April 2021 on account of a surge in the prices of fuel and manufactured products, data released by the commerce and industry ministry showed. Wholesale inflation rate, measured by WPI, has been rising continuously since December. It soared to an eight-year high in March to 7.39 per cent. The latest price data released by the government on Monday showed that food prices rose to 4.92 per cent in April, along with a massive price surge in manufacturing products at 9.01 per cent. Fuel and power inflation stood at nearly 21 per cent led by higher petrol and diesel prices.

India’s retail inflation, measured by the Consumer Price Index (CPI), eased to 4.29 per cent in the month of April on decline in food prices. Separately, the country’s factory output, measured in terms of the Index of Industrial Production (IIP), witnessed a 22.4 per cent growth in March on low base effect, two separate data released by the Ministry of Statistics & Programme Implementation (MoSPI).

In this Monthly Newsletter we have focused on
IPCA Laboratories Limited

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IPCA Laboratories Limited **June 02, 2021**

CMP	Rs. 2079 (Face value: Rs. 2)
Book value	Rs. 371 per share
Recommendation	Accumulate
Target price	Rs. 2,300
Upside	10.6%
52 Week High/Low	Rs. 2,460/Rs. 1,466
Beta	0.40
Market Cap	Rs. 26,381crores
EPS (TTM)/P/E(x)	RS. 90.08/ 23x
BSE code	524494
Bloomberg code	IPCA:IN
Promoter holding	46.3%
3 year CAGR	Revenue - 18.4 %, EBITDA -50.3%, PAT - 68.2 %
Price performance	1 month: -0.53%, 3 months: 6.01%, YTD: 4.18 %, I Year: 36 %, 3 years: 46%, 5 years: 38%

Particulars (Rs. crores)	FY21	FY20	FY19	FY18
Topline	5,420	4,649	3,746	3,259
EBITDA	1,544	904	693	454
EBITDA (%)	28.5	19.4	19.0	14.0
Profit after tax	1,141	603	445	239
PAT margin (%)	21.05	12.97	11.87	7.33
Equity share cap.	25.27	25.27	25.27	25.24
Networth	4,753	3,666	3,111	2,670
Debtor days	55	71	66	67
Debt/Equity (x)	0.04	0.12	0.11	0.18
EPS (Rs.)	90.08	51.64	36.01	18.47
P/E (x)	23	40	58	113
EV/EBITDA (x)	17	28	37	58
RoNW (%)	24.00	16.45	14.30	8.95

Source: Company

Impressive background and history..

The Company was established way back in 1949. Over the years the Company has grown its business in anti-malaria segment and today is the market leader. Apart from anti-malaria business, the Company has also diversified its presence in different therapeutic products. The products of the Company are now exported to over 100 countries across the globe.

Branded Formulations - Domestic business witnessing traction..

The Company is market leader in Rheumatoid Arthritis & Anti-malarials segmeny. The Company enjoys All India Rank IQVIA : 19th (MAT Dec'20). The Company's brands are among top 300 brands (Zerodol-SP, Zerodol-P , HCQS & Folitrax). It has over 2000 Wholesalers and 15 Therapy Focused Marketing Divisions. In Q4FY21, the domestic business was impacted to some extent led by high base of HCQS related opportunitie. In addition last 10 days of March 2021 were affected due to deferment of targets to FY22 by MRs. The Management in its concall suggested that the domestic business is witnessing good traction. The month of April-May 2021 saw uptick in HCQS related opportunities in domestic space. The Cough & Cold, anti-malarial business witnessed good growth revival in the first two months.

International business has strong fundamentals

The products of the company are exported to over 100 countries across the globe. It is recognized as a Star Trading House. The Company's formulation dossiers for branded formulations are registered in 54 countries. The Company has marketing offices in Russia, Ukraine, Kazakhstan, Belarus, Vietnam, Philippines, Sri Lanka, Myanmar Kenya, Colombia, and Nigeria & Mexico (subsidiary company). Around 52 percent of topline is accounted by Exports. The Company has good field force to promote brands in more than 35 countries of CIS, South East Asia, Middle East, Latin America and Africa. The Company's thrust is on brand building in Pain, CVS, CNS, Anti-infective and Anti-malarial segments. The Company aims for geographical expansion in covered countries through additional field force. It has plans for introduction of new products - Existing developed formulations are identified for International Branded Formulation registration and launch across all continents.

Export formulations to drive growth for the Company

In FY21, the Company did well in terms of growth owing to growth in international branded formulations and international generics business. The COVID-19 crisis also helped the Company to register strong growth in the anti - malarial institutional business which forms a major part in FY21. However, going ahead, there are certain headwinds for the Company due USFDA import alerts in Ratlam facility that is the only API source for Silvassa and Pithampur formulations plants along with Silvassa and Pithampur (Indore) plants.

Lead the fight in the first wave of COVID-19 crisis which led to strong FY21 performance..

IPCA labs was at the forefront in the initial fight against COVID-19 through Chloroquine and Hydroxychloroquine (HCQS) business related opportunities. As a result, the Company in FY21 witnessed good revenues from HCQS related business. In HCQS - API business - Rs. 180 crores and in HCQS and chloroquine formulations business -Rs. 185 crores as per the Management in its Q4FY21 concall.

Decent performance witnessed in Q4FY21 on yoy basis but below expectations on qoq basis due to high base..

The Company delivered a strong performance on the gross margins front led by good product mix and control on the raw material price front. Q4FY21 performance was good on year on year basis with topline growing by 3.8 percent, EBITDA witnessing a growth of 35.8 percent with 484 bps improvement in EBITDA margins and PAT recording jump of 87.5 percent. However, on qoq

Investment recommendation and rationale

At CMP of Rs. 2,079, the Company is valued at P/E of 23x on FY21 EPS of Rs. 90.08. The stock has significantly rallied in last financial year as the Company has performed exceptionally well due to one-time business from HCQS in FY21 in an unprecedented crisis of COVID-19. The Company will enjoy premium considering its leadership position in the anti-malaria segment. We like the Company due to the following factors: a) strong growth outlook in Domestic formulations as revenues are expected to jump by 16–18 percent, Branded export sales are expected to grow by 13–15 percent in FY22, b) good growth is expected in API business led by capacity expansion; c) backward integration will lead to improved cost efficiency; c) cost optimisation efforts would sustain FY21 margins, d) good financial performance witnessed in FY21 with international and domestic business expected to continue in coming quarters and years, e) the Company is expected to do better than industry in the Pain segment and Chronic therapies, led by new launches and enhanced marketing efforts, f) strong balance sheet, good free cash flow generating capability with good ROE profile. We recommend a "Accumulate" with a target price ofRs. 2,300(P/E of 23x at estimated FY22 EPS of Rs. 100). The company is awaiting resolution on the US formulations front with USFDA import alerts for three of its

basis, the performance in topline and profitability was below par on a high base.

plants (Ratlam, Indore SEZ and Silvassa) which is acting as overhang on the stock.

Q4FY21 result and concall highlights

1) The Company's captive backed formulation business has improved to around Rs. 2,195 Crores, 60 percent of overall formulation business of around Rs. 3,1574 Crores as against 56 percent last year of around Rs. 1,760 Crores for last financial year out of Rs. 3,130 Crores formulation business what it did last year. From 56 percent, the integrated business has moved to almost around 61 percent. This has been the key strength that company has been working to improve its delivery performance and keep the cost in check. The Company's FY21 performance has also

impacted overall positively by almost around Rs. 365 Crores, additional business, the Company had done during the financial year on an account of Chloroquine and Hydroxychloroquine business, which includes both API as well as formulations business. On the formulation side, the Company had done almost around 185 Crores of additional business, on API side that figure is almost around 180 Crores for the financial year

2) The Company did a substantial amount of additional business last year on an account of Chloroquine and Hydroxychloroquine, overall business growth will be little lower, but we are confident to achieve a business growth of almost around 9% to 10% in the next financial year.
3) The Management believes that its domestic formulation business will be very strong in the current financial year and overall it expect the business growth of almost around 16% to 18% in domestic formulations.
4) The promotional branded business in the Rest of the World market, is expected to grow almost around 13% to 15% in next financial year.
5) Domestic API will show a decline because of some kind of additional business that it did last year for supply of some API to the local company for their export to the US, so that was an additional business, so domestic API business will decline for almost around 28% in the financial year.
6) The Sartans API prices have declined which would impact near term growth of the Company. However, this would be offset, to some extent, by an increase in the API prices of other products.
7) In FY21, Institutional business has grown up by around 95% to 96%. From this base, the Company is expecting a 5% improvement on overall business throughout in institutional business and as far as generic businesses is concerned that also include a lot of onetime business it did on Hydroxychloroquine. According to the Management, the overall business growth on generic side is likely to be around 5%.
8) Overall, on formulation side, the Company has still good amount of capacity and the Company is really not looking capacity expansion. As far as API is concerned, the Company is definitely running with capacity constraint and on continuous basis the Company keeps doing some kind of incremental changes which is resulting in little higher capacities. The Company is working at around 90% capacity utilizations currently in API segment. The Company definitely need capacities and those capacities will be available only maybe around the end of the third quarter or fourth quarter as far as Dewas is concerned. However, at Ratlam some kind of work is going on and that should get over by the end of second quarter completely validated and also those capacities could be available.
9) As far as Regulatory Status is concerned, the Company's manufacturing plants at Ratlam, Silvasa and Piparia continue to be under USFDA scanner and status remains unchanged with USFDA inspection awaited. There are two DMFs filed from Pisgah plant in US and expect FDA visit in near term.
10) With regards to capex, the Company will do capital expenditure to the tune of Rs. 550-600 crores (Dewas - Rs.250-280 crores, Rs. 150-200 crores for maintenance and rest to be done at Ratlam facility. The Dewas work has been delayed as the Company played an important role in fighting second wave of COVID-19 crisis. The Company converted the building to COVID care centre. In addition, there was non- availability of oxygen. The Company has said that installation is likely in Q3FY22, Q4FY22
11) In terms of guidance on volume growth led by capex, 30-35 percent volume growth is expected from incremental capex of Rs. 280 crores in API business. Ratlam plant is expected to commence operatins after capex from Q2FY22 and would add 10 percent incremental volume. Dewas plant is expected to commence from Q4FY22 with incremental volume of 25 percent.
12) On the guidance front, the Management has guided for overall growth of 9-10 percent. Domestic business at around 16-18 percent; Exports: Branded formulations – 13-15%; Institutional – 5%; Generic – 5%. Domestic API – (28)% ; Export API – 10%; Overall API – 2%

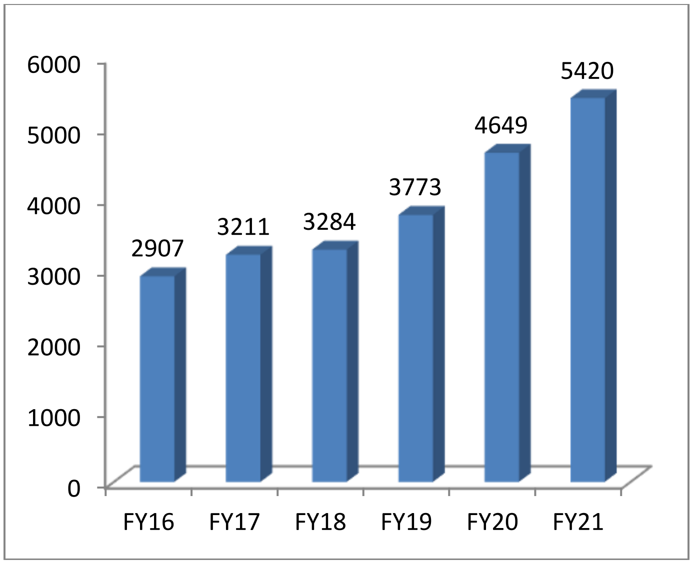
Contribution of Therapeutic groups - FY20

Therapeutic segment	Domestic	Exports
Non Steroidal Anti-Inflammatory Drugs (NSAID)	47%	20%
Cardiovasculars & Anti-Diabetics	18%	31%
Anti-Bacterials	8%	6%
Anti-Malarials	6%	19%
Gastro-Intestinal (GI) Products	3%	4%
Neuro Psychiatry	3%	6%
Cough Preparations	4%	2%
Dermatology	5%	-
Urology	3%	-
Neutraceuticals	1%	-
Others	2%	-
Total	100%	100%

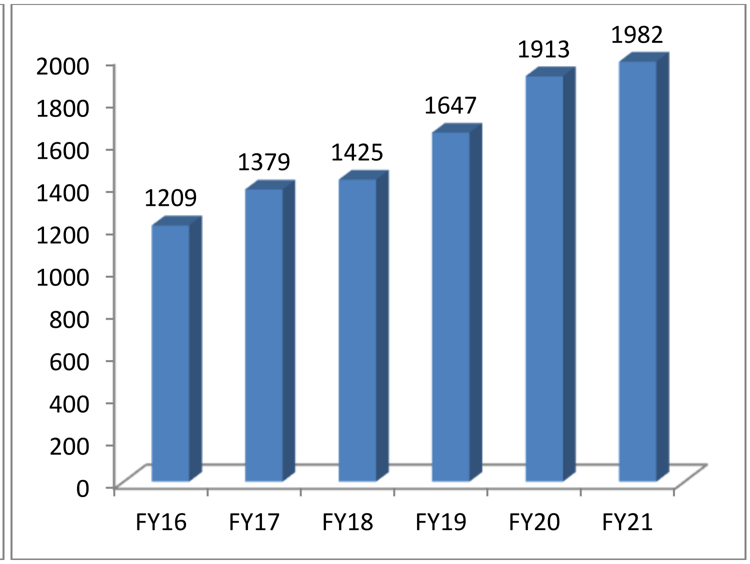
Source: Company

Revenue trend (Rs. in crores)

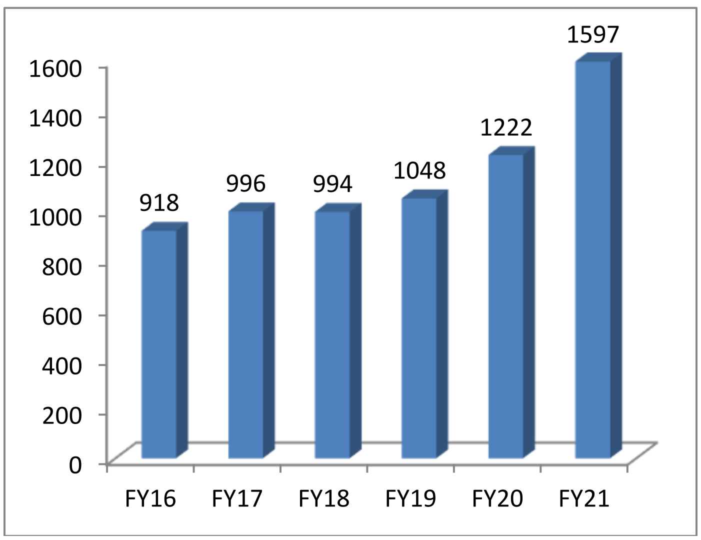
Domestic formulations (Rs. in crores)

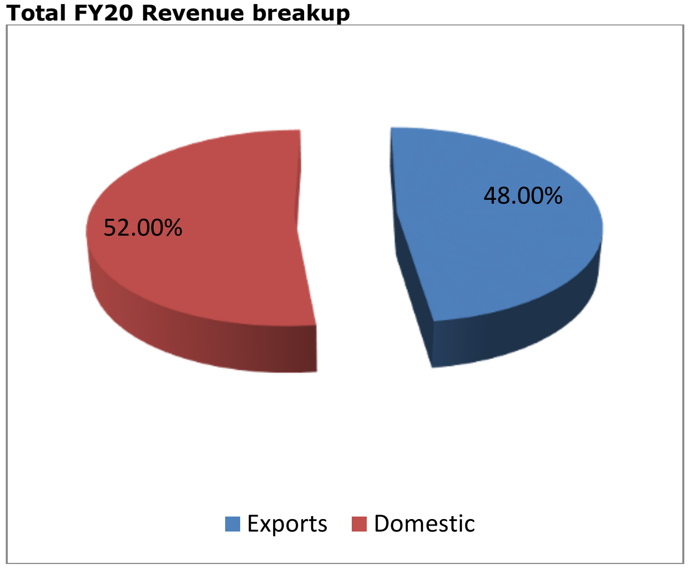


Export formulations (Rs. in crores)



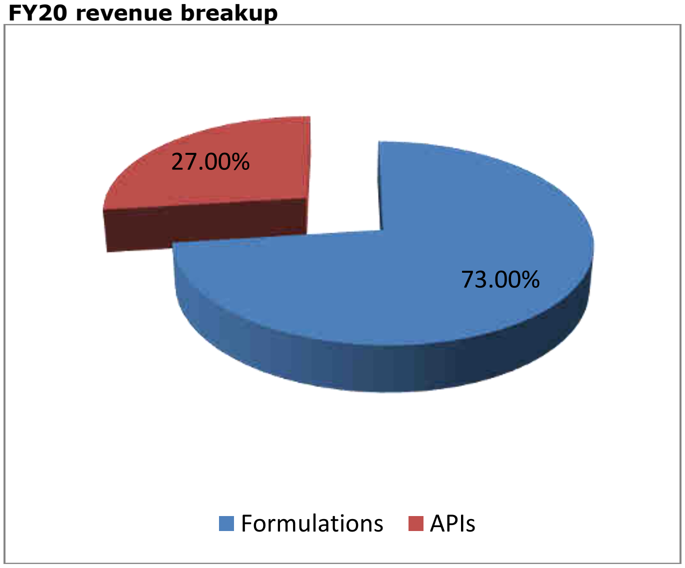
Total FY20 Revenue breakup



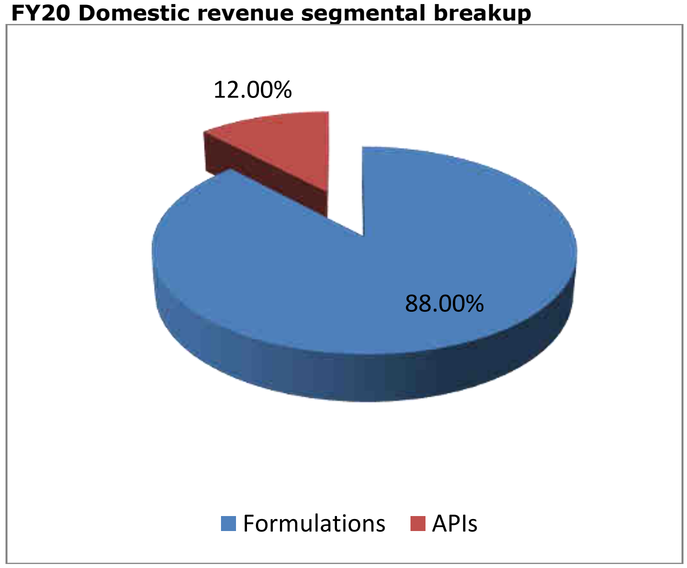


FY20 revenue breakup

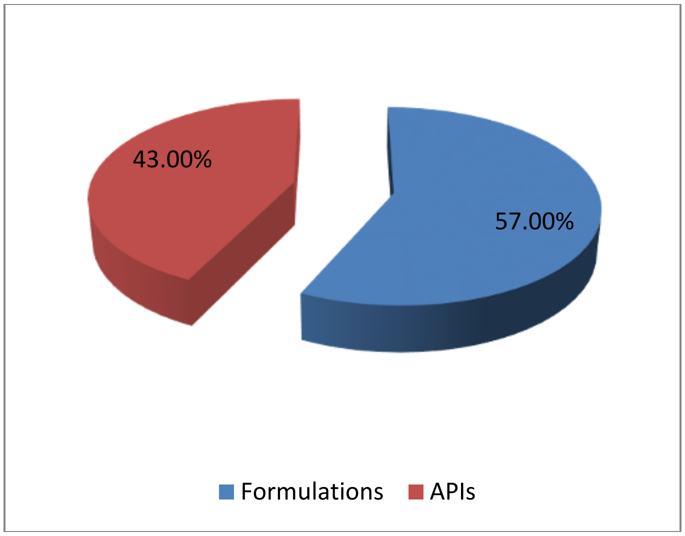
FY20 Domestic revenue segmental breakup

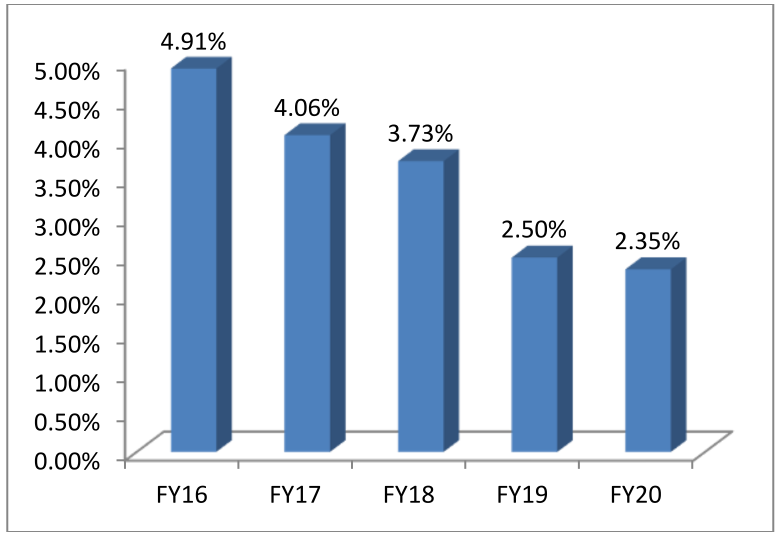


FY20 Exports Revenue - segmental breakup



R&D Spending - % of Net Sales





Source: Company

Manufacturing facilities - Formulations

Location	Dosage form	Approvals/Inspections
Athal (Dadra & Nagar Haveli)	Tablets & Capsules	UK-MHRA, TGA-Australia,WHO-Geneva, EU Certification by German Authority, Health Canada, GCC, MOH- Columbia, FDA Ghana, MOH Oman, NDA - Uganda, NHRA – Bahrain
Ratlam (Madhya Pradesh)	Tablets, Liquids, Injectables & Ointments	MCC-South Africa, INVIMA Colombia, WHO-Geneva, State Administration of Ukraine, MOH Belarus, NAFDAC- Nigeria, DIGEMID Peru, FDA Ghana, MOH Tanzania, MOH Russia, MCA Zimbabwe, NDA - Uganda
Kandla (Gujarat)	Betalactum– Tablets, Capsules & Dry Syrups	UK-MHRA, MCC-South Africa, TGAAustralia, National Drug Authority (NDA)-Uganda, Eu-GMP, Agency for Medicinal Products and Medical Devices (HALMED) – Croatia , TFDA - Tanzania, Zimbabwe - MCAZ, Ivory Coast- ICHA, NAFDAC CGMP - Nigeria, GCC
Silvassa (Dadra & Nagar Haveli)	Tablets & Capsules	WHO-GMP, TGA-Australia, Health-Canada, Local FDA
Dehradun, (Uttarakhand)	Tablets & Cephalosporin Injectables	Unit – I : WHO-GMP Unit - II: WHO-GMP, GHANA-FDA, NAFDAC – Nigeria, TFDA (Tanzania Food & Drugs Administration) , FDA-Uttarakhand
Indore (SEZ), (Madhya Pradesh)	Tablets & Capsules	UK-MHRA, Health Canada, MCC-South Africa, TGA – Australia, WHO GMP
Sikkim	Tablets & Capsules	ISO 9001, ISO 14001, ISO OHSAS 1800, WHO GMP
Pithampur, Dhar , (Madhya Pradesh)	High Potency Oral Solid Dosage	WHO-GMP
Tarapur ,Palghar (Maharashtra)	Tablets	WHO-GMP NDA (Uganda), Pharmacy & Poisons Board- MOH (Nairobi, Kenya)

Source: Company

Manufacturing facilities - APIs

Location	Approvals/Inspections
Ratlam (Madhya Pradesh)	TGA-Australia, EDQM, PMDA-Japan, WHO-Geneva, Health Canada, EU-GMP (LaGesso, Berlin), MOH Russia, MFDS (Korea), CDSCO- India, Cofepris (Mexico), EUWC
Indore (Madhya Pradesh)	WHO-Geneva, CDSCO- India, EUWC
Ankleshwar (Gujarat)	PMDA –Japan, CDSCO- India, Cofepris (Mexico), EUWC
Nandesari (Gujarat)	CDSCO- India, EUWC

Aurangabad (Maharashtra)	USFDA, MOH Russia, MFDS, CDSCO- India, EUWC
Mahad (Maharashtra)	State FDA
Ranu (Taluka Padra) (Gujarat)	CDSCO- India, Cofepris (Mexico), EUWC
Ramdev Chemical Pvt. Ltd., Boisar (Maharashtra) (100% Subsidiary Company)	USFDA, CDSCO- India, EUWC

Source: Company

International generics

Country	Products registered	Products under registration
United Kingdom/Europe	61	1
Australia/New Zealand	72	3
South Africa	42	22
United States/Canada	33	**30**

Source: Company

Future Growth drivers for International Generics business

1) Dossiers developed by company approved in UK are being taken for registration in other EU countries.
2) Formulations registered to be backed by own API.
3) Sale of generic dossiers with or without supply agreements.
4) Contract manufacturing arrangements.

Future Growth drivers - North America

1) Strategic tie up with 3 marketing partners for sale/distribution of Generic formulations.
2) 46 ANDAs filed of which 18 ANDAs are approved.
3) Exploring contract development and manufacturing opportunities.

Future Growth drivers - International API business

1) Consolidate API business of Sartans across the globe.
2) Long term strategic tie-ups with major South American/European formulators.
3) Leverage the customer base of more than 1,000 customers spread across 90 countries is well laid down platform to introduce IPCA new pipeline products.
4) Increased focus in emerging markets like LATAM, CIS & China
5) Own API manufacturing to back formulations, especially for the Generic market
6) Exploring strategic business relationship with smaller API manufacturers for increasing product basket.

Key Major developments in Company's journey

Acquisition of 100% share capital of Pisgah Labs Inc., USA by Company's subsidiaries

1) Acquisition of 100% share capital of Pisgah Labs Inc., USA by Ipca Pharmaceutical Inc., USA (Company's Wholly owned subsidiary) and Onyx Scientific Ltd., U.K (Onyx) (Company's wholly owned step down subsidiary) for US$ 9.65 millions free of debt.
2) Pisgah Labs Inc., North Carolina , USA was originally founded in the year 1981 as contract manufacturer and developer of active pharmaceutical ingredients (APIs) and intermediates.
3) Pisgah Labs Inc. has been a chemistry solutions provider for over three decades and will continue to operate out of its North Carolina manufacturing facility under the Pisgah trade name. Onyx and Pisgah's capabilities in chemistry services will dovetail effectively with company's capabilities in supporting Phase II to commercial scale programmes and also enable the company to manufacture small volume APIs for US market.
4) For the financial year ended 30th April, 2017, Pisgah had a total income of US$ 2.89 millions and EBIDTA of US $ 1.14 million.
5) This acquisition was completed upon signing of Stock Purchase Agreement and transfer of shares in the name of the Company's subsidiaries on 16th January ,2018 in USA.

Acquisition of 80% share capital of Bayshore Pharmaceuticals LLC, New Jersey, USA by Company's wholly owned subsidiary

1) Acquisition of 80% share capital of Bayshore Pharmaceuticals LLC, New Jersey, USA by Ipca Pharmaceutical Inc., USA (Company's wholly owned subsidiary) for US$ 10.286millions .
2) Bayshore Pharmaceuticals LLC (Bayshore), New Jersey, USA was originally founded in the year 2011 as a sales and marketing company by FDA approved generics drug products in the United States of America.
3) Bayshore is currently engaged in the selling & marketing of its own registered generics drug products as well as the registered generics drug products of other pharmaceutical companies.
4) The acquisition in Bayshore will enable the Company to commercialise its registered Generics Drug Products in the US market, through this entity.
5) For the financial year ended 31st December , 2017, Bayshore had a total income of US$ 7.05 millions and EBIDTA of US $ 0.56 million.

6) This acquisition was completed upon signing of Stock Purchase Agreement and transfer of shares in the name of the Company's wholly owned subsidiary on 2nd October, 2018 in USA.
7) FY21 Net sales stood at Rs. 160 crores with net profit of Rs. 5.5 crores

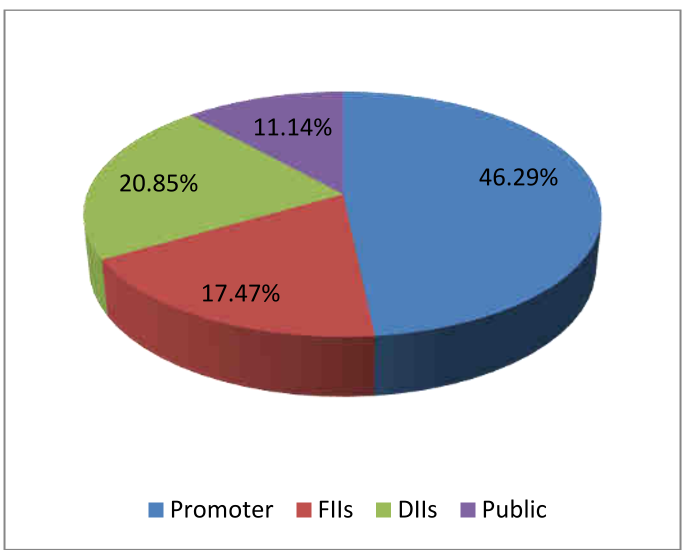
Acquisition of 100% share capital of Ramdev Chemical Private Limited

1) Acquisition of 100% share capital of Ramdev Chemical Private Limited (RCPL) for cash consideration of Rs. 108.50 Crs.
2) Ramdev Chemical Pvt. Ltd. (RCPL), a company incorporated in 1999 under Companies Act, 1956 was engaged in the business. of manufacturing and marketing ,of advanced drug intermediates, fine chemicals, custom synthesis molecules and active pharmaceutical ingredients (APls).
3) The registered office and manufacturing unit of the company is located at MIDC, Boisar, District - Palghar, Maharashtra on leasehold land admeasuring about 16,000 sq. metres with constructed area of about 5600 sq metres. The manufacturing facility of the company is inspected amongst others by US FDA and EDQM. For the financial year ended 31st March, 2019 (unaudited) (Management Certified Accounts), the company had a revenue of about Rs. 75.89 crores, EBITDA of about Rs. 9.18 crores and Profit after tax of about Rs. 3.01 crores.
4) The Products of the company are exported to many countries across the globe including USA, U.K., Japan, Germany and Canada. The clientele of the company includes major Indian pharma companies as well as several multinational companies.
5) This acquisition is as per Share Purchase Agreement signed on 24th April, 2019.
6) In FY21, restructuring has been done. There was sales degrowth in FY21 and loss of Rs. 8 crores.

Acquisition of M/s Noble Explochem Ltd.

1) Acquisition of M/s Noble Explochem Ltd. for cash consideration of Rs. 69 Crs.
2) This transaction is pursuant to the order passed by The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench under the provisions of the Insolvency and Bankruptcy Code.
3) The National Company Law Tribunal (NCLT), Mumbai Bench has passed necessary order on 22nd January, 2020 in this regard.
4) M/s Noble Explochem Ltd. A listed entity was engaged in the manufacturing of chemical explosives and its operations were closed since December 2006.
5) M/s Noble Explochem Ltd owns assets consisting of freehold land – 689 acres, lease hold land – 180 acres (lease expiring in 2078) and forest land – 239 acres, totalling 1108 acres at Village Hingni in Wardha District (Maharashtra) where it has about 14,750 sq metres of manufacturing unit consisting of factory building, utilities, staff quarters and plant & machineries.
6) The Company has intention to use these assets for its future plans of manufacturing of chemicals, key starting materials and Active Pharmaceutical Ingredients (APIs), after obtaining all the required statutory approvals.
7) The NCLT order provides for cancellation of paid-up share capital of the said M/s Noble Explochem Ltd. without any consideration and the merger of the said M/s. Noble Explochem Ltd. with the Company.

Shareholding of the Company



One year price movement

Source: Trading view

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Accumulate – Absolute return between 15% and above
Book profits: On achieving the price target given in the research report for a particular Company or on a occurrence of a specific event leading to change in fundamentals of the Company recommended
Not rated/Neutral - No recommendation but only outlook given

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